



Magnum NGLs, LLC

**Salt Cavern Storage
Project**

**Board of Oil, Gas and
Mining Briefing**

February 26, 2014



Introduction

Project Overview:

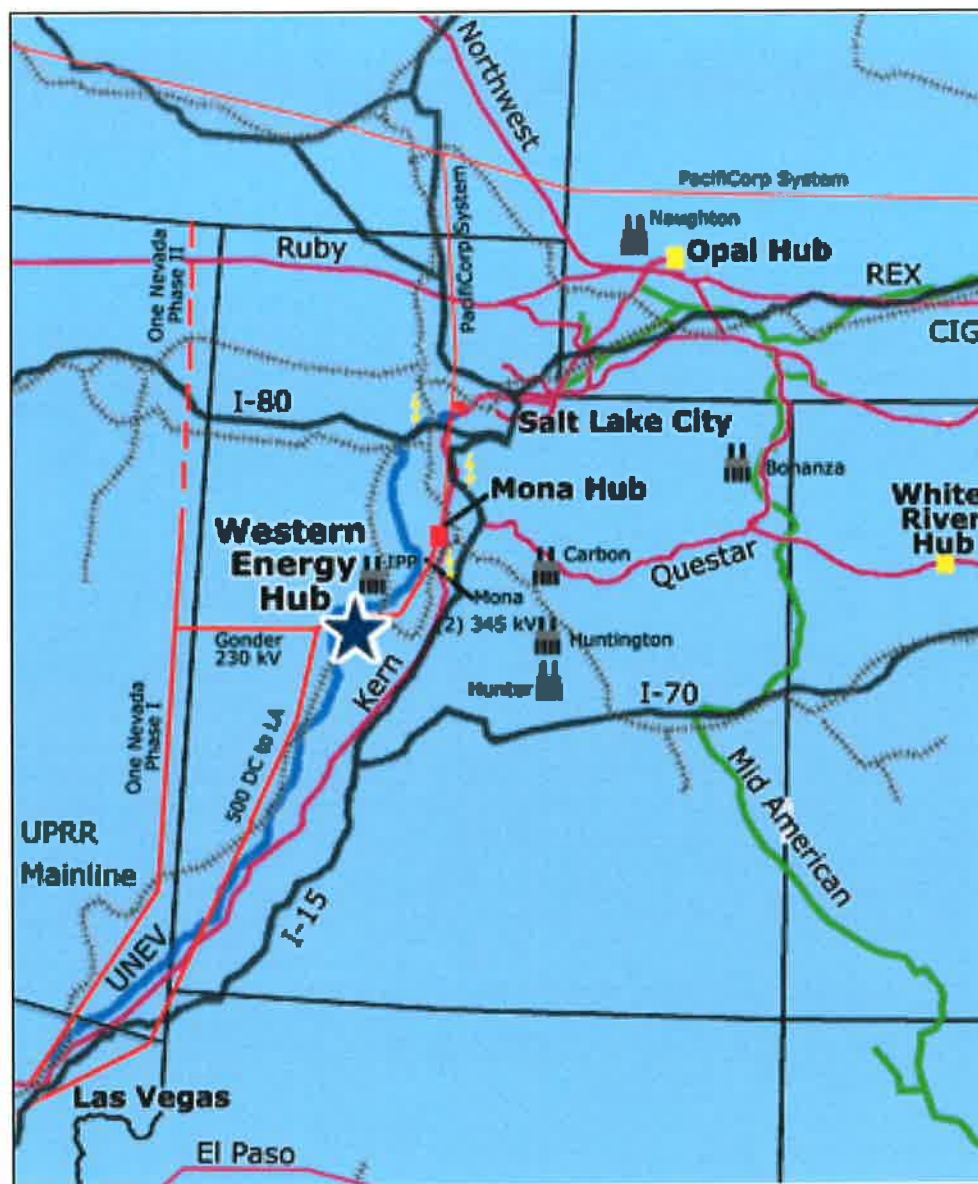
- Magnum has constructed a NGLs storage facility in a salt dome in Central Utah
- The Facility is located 8 miles north of Delta and south of the Intermountain Power Plant
- NGLs products to be stored include Propane and Butane initially

The Salt Dome:

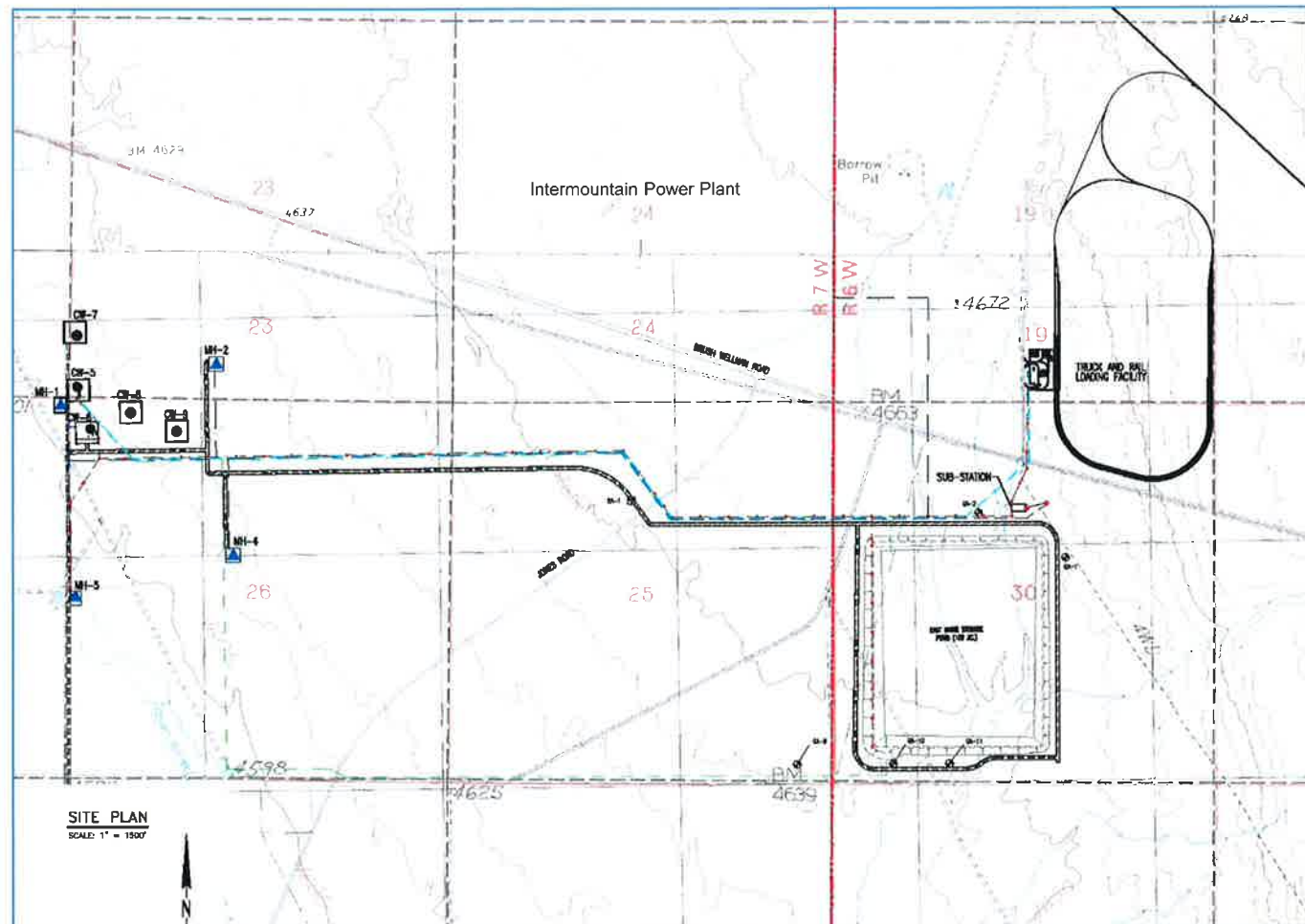
- Dome was discovered with the drilling of the Argonaut Exploration Well in 1978
- Magnum further defined the salt dome with the MH-1 Exploration Well and both 2D and 3D seismic
- Dome is 3000 feet below the ground surface and is one mile thick and appx. 2 miles in diameter

Salt and Cavern Engineering:

- Sandia National Laboratory (Strategic Petroleum Reserve)
- Parsons Brinkerhoff Energy Storage Systems (PBESS)
- RESPEC Consulting and Services
- Thomas Eyermann, Cavern Well and Mining Engineer



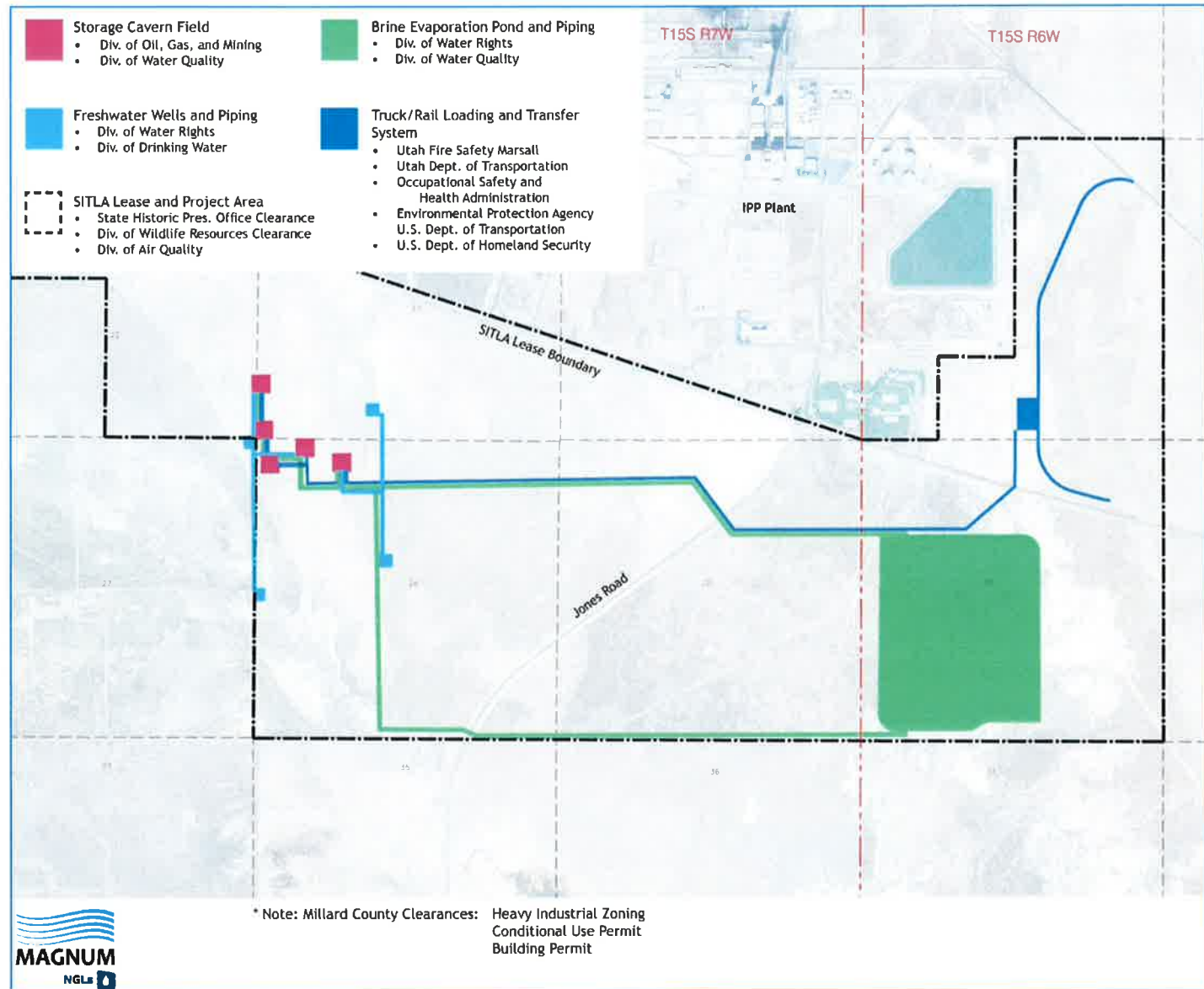
Magnum NGLs Facility Buildout



Main Facility Components:

- Storage Cavern Field – up to seven individual storage caverns
- Brine Evaporation Pond and Piping – 152 acre pond with HDPE double liner system with leak detection
- Truck and Rail Loading and Transfer Facility - Includes 2 bay truck rack, 4 bay rail rack, 2 steel 12- inch product transfer lines, and a 12,770 foot rail spur
- Support facilities – Power systems, water systems, and access roads

Regulatory Oversight



Commercial Storage Operations April 1, 2014

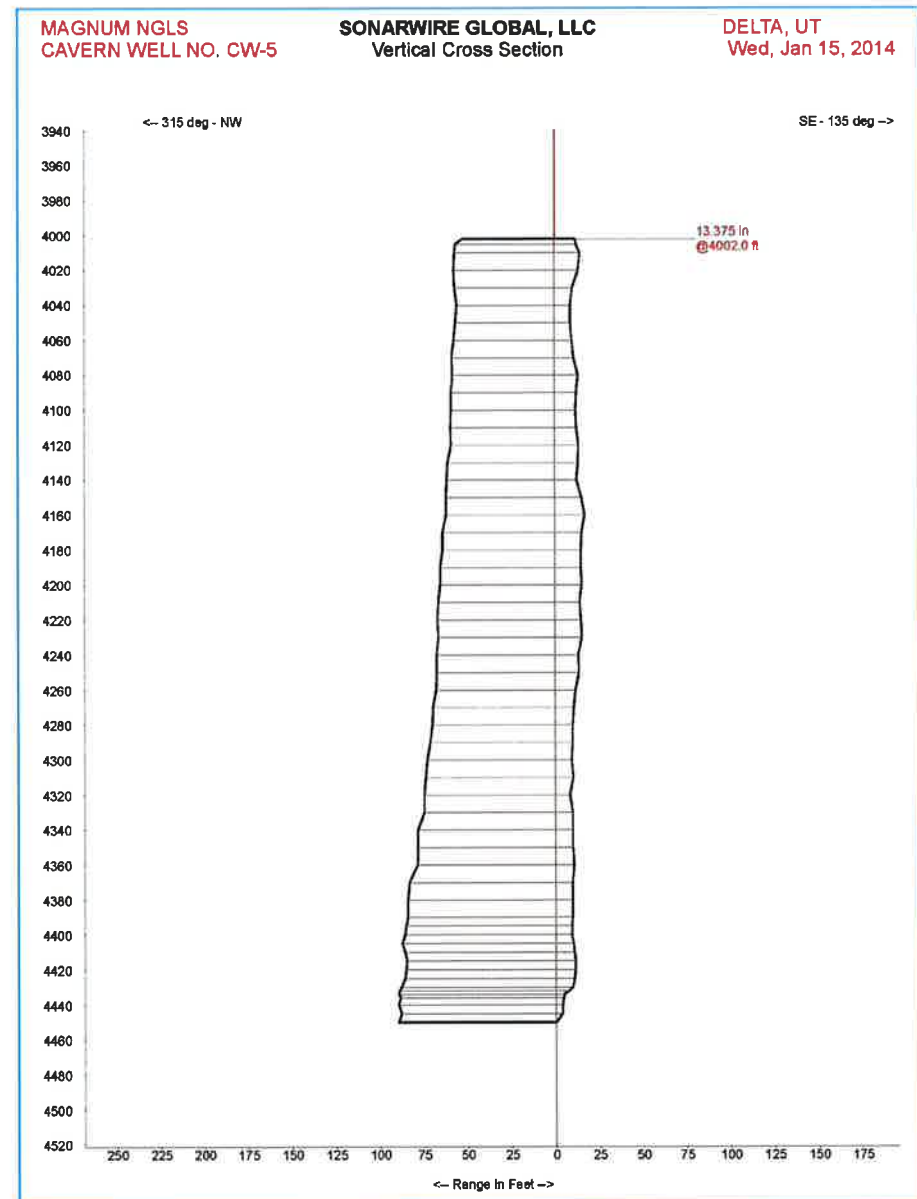
Current Project Status:

- Storage capacity is fully contracted
- Cavern wells have been drilled and solution mined has been undertaken per the authority of DWQ's Underground Injection Control Permit and DOGM's APD
- Cavern Well 5 1.3 mmbbls - Operational April 1, 2014
- Cavern Well 6 0.5 mmbbls - Operational May 15, 2014
- Cavern Well 7 - Permitted under DOGM APD and DWQ UIC and SITLA Approved
- Other project facilities have been constructed per the applicable permit requirements

Request for Board Action:

- Approval for Commercial Operations of Caverns
- Approval Subject to a Successful Final Mechanical Integrity Test per DWQ Underground Injection Control Permit
- DOGM Regulatory Oversight of Cavern and Wellhead Operations per Regulations Modeled after Kansas Regulations

Comprehensive Board Package to Follow





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